From: Elizabeth Morra
To: Christy Agner
Subject: Weekly Federal Recap for January 9, 2026
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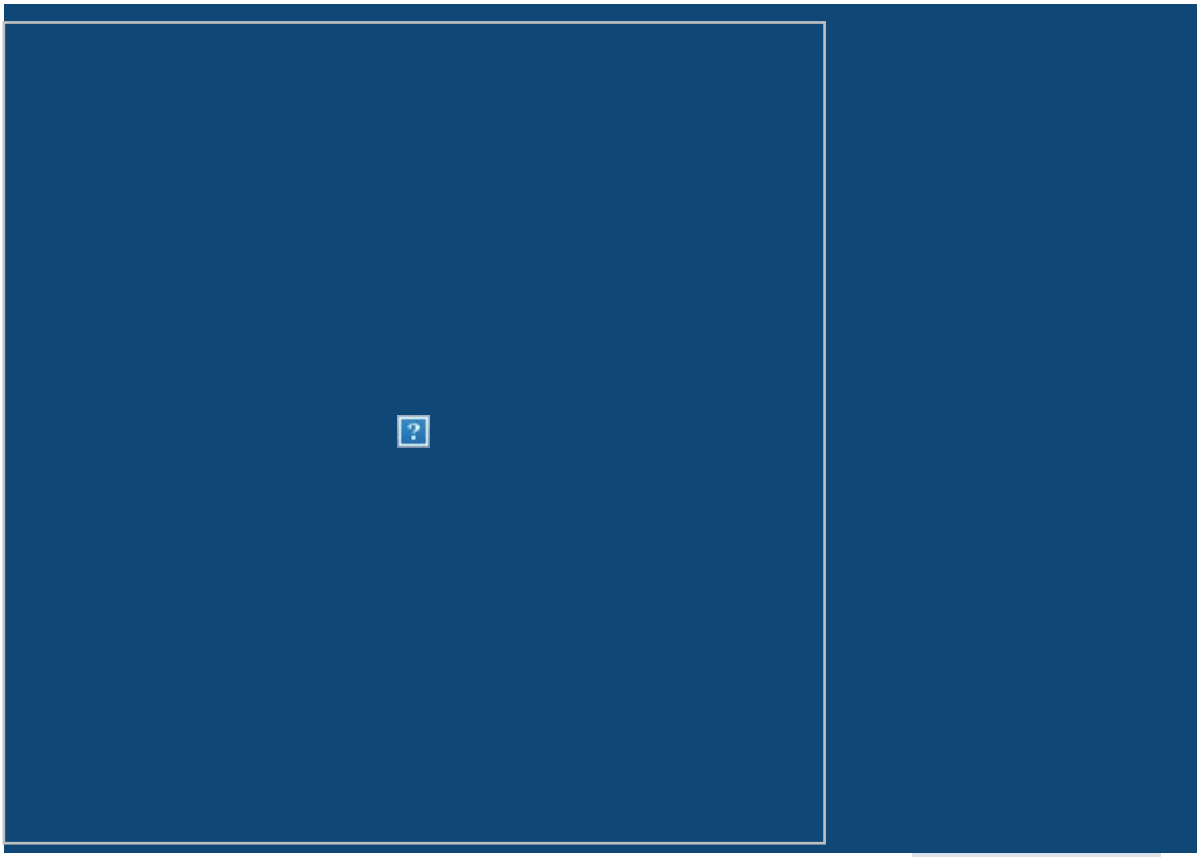

January 9, 2026

Weekly Federal Recap

A weekly update on federal legislative topics impacting higher education.

Appropriators Reignite Stalled Appropriations Process; House Passes Three More Spending Bills (Courtesy Politico)

- The House passed three government spending bills Thursday, inching Congress closer to funding federal operations ahead of the Jan. 30 deadline to avoid a shutdown.
- The measures would fund the departments of Energy, Commerce, Interior and Justice, as well as water programs, the EPA and federal science initiatives through the end of the current fiscal year.
- The bipartisan vote comes as a relief to Speaker Mike Johnson, who had to mount a real-time whip operation on the floor Wednesday when conservatives threatened to tank the procedural rule paving the way for consideration of the funding legislation that was originally intended to be brought up in a single package.

A dozen GOP fiscal hawks were prepared to vote “no” on the rule unless leadership agreed to remove certain earmarks from the underlying package — and promised to revamp the earmarks process surrounding future spending bills.
- To quell the rebellion, a plan was hatched to split up the package and accommodate two separate votes: one on the Commerce-Justice-Science bill, where discontent over certain earmarks couldn’t be resolved, and another on the Interior-Environment and Energy-Water bills coupled together. This maneuver allowed hard-liners to register their opposition to the Commerce-Justice-Science measure but still support the others.
- The House ultimately voted 375-47 on Commerce-Justice-Science, with three dozen Republicans opposing, as compared to the just three Republicans who opposed the Interior-EPA and Energy-Water measures on a 419-6 vote.
- Upon the release of the minibus bill text earlier this week, APLU analyzed the funding levels for priority accounts, compared to FY25.
- Several key accounts would receive reductions, though far smaller than initially proposed in the President’s Budget Request and the original House measures.
- The document has also been updated with an analysis of policy provisions on Facilities and Administrative (F&A) and implications for research agencies of interest to public research universities.
- The full text and Joint Explanatory Statement of the three-bill package is available, along with summaries and community project funding tables for each of the bills.

Minibus Blocks Research Funding Cuts (Courtesy Punchbowl News)

- **The House voted** Thursday to block the Trump administration from cutting billions of dollars from a wider swath of research projects conducted by universities and other institutions that receive government funding.
- **That’s a big deal.** The federal government funds indirect costs that are associated with carrying out federally sponsored research. Typically, the government negotiates the rates at which those costs are reimbursed with the institutions. Reimbursements are provided for costs for things such as the facilities needed to conduct the projects.
- **But the Trump** administration took a different approach toward agencies like the Energy Department, which started implementing a **15%** cap on indirect research costs last year, deeply slashing the money these institutions receive.
- **Enter the appropriations** committee. New language in the Energy-Water and Commerce-Justice-Science bills that are part of the “minibus” the House passed Thursday afternoon would block these caps from being put in place for the agencies covered by the bills. The Senate could the legislation as soon as next week.
- **The language in** the minibus would bar more agencies, including the Energy Department, Commerce Department, NASA and the National Science Foundation, from changing the current rates, locking them into the 2024 negotiated rates. The rates aren’t public.

Negotiators Unlikely to Reach Consensus on Latest One Big Beautiful Bill Act Rulemaking, the AHEAD Session (Courtesy Politico)

- Education Department officials and higher education community negotiators are meeting today for a vote on proposed rules meant to force colleges to show their graduates earn more than those with only a high school diploma.
- But it doesn’t appear they will be reaching consensus, with negotiators still disagreeing on key components of the proposal despite several closed-door caucuses aimed at trying to resolve the remaining issues.
- Education Department officials said they will make adjustments to the proposal that

will quell some of these concerns.
- If the negotiators do not reach consensus, the department would not be bound to the proposal it presented to the group and can change it before posting a rule for public comment.
- The department has spent the last week hashing out how it will implement a test that compares college graduates' earnings to those without a postsecondary credential. Programs that fail the test two out of three consecutive years will lose access to federal student loans under the department's proposal.
- But a big sticking point is whether programs that fail the earnings test two years in a row should also lose access to Pell Grants — an issue that was discussed during the caucuses, according to the negotiators. These grants are awarded to low-income students and do not need to be paid back.

First Circuit Upholds District Court Ruling to Vacate NIH's Policy to Cap F&A at 15% (Courtesy APLU)

- On Jan. 5, the First Circuit Court of Appeals issued a decision affirming the District Court for Massachusetts in the lawsuit challenging NIH's actions to cap facilities and administration cost reimbursements.
- Per the First Circuit decision, "In sum, we conclude that the district court properly exercised subject-matter jurisdiction over the plaintiffs' claims. We also hold that NIH's attempt, through its Supplemental Guidance, to impose a 15% indirect cost reimbursement rate violates the congressionally enacted appropriations rider and HHS's duly adopted regulations. The district court's decision is therefore affirmed."
- The ruling is the result of lawsuits, including the challenge APLU initiated Feb. 10, 2025, with the Association of American Universities (AAU) and the American Council on Education (ACE), as contesting NIH's action limiting Facilities and Administrative (F&A) reimbursements (indirect cost rate) to a 15% rate for the agency's research grants. As the lawsuit was considered in the First Circuit, it was consolidated with similar challenges of other plaintiffs.
- APLU, AAU, ACE also filed lawsuits challenging cuts to F&A reimbursements at the National Science Foundation, Department of Defense, and Department of Energy. Presently, the DOD and DOE cases remain pending in the First Circuit.
- APLU continuously updates a webpage tracking developments in the litigation

House Education Committee Advances Pregnant Students' Rights Act (Courtesy Politico)

- House Education and Workforce Republicans on Thursday advanced a bill that would require colleges to advise pregnant students of their rights, required accommodations and other services.
- The Pregnant Students' Rights Act, H.R. 6539, cleared the committee on a 21-15 party-line vote.
- The GOP legislation, which passed the House last Congress, would mandate that colleges notify pregnant students about their rights to modified class schedules and excused absences for doctor appointments, as well as campus and community resources to support their pregnancies and how to report discrimination.
- Chair Tim Walberg (R-Mich.) said the bill "addresses a simple but serious problem: too many pregnant students don't know what help is available to them."
- The federal law Title IX bars sex-based discrimination, including for pregnant and parenting students — but Walberg said information about pregnant students' rights is still out of reach for many of them.
- While Democrats agreed pregnant students need support, they slammed the

legislation as an attempt to discourage those students from considering abortion. They also criticized the bill for leaving out resources on sexual and reproductive health, including access to contraception.

Three NC Colleges Receive Repurposed FIPSE Funding (Courtesy Politico and other reports)

- Millions of dollars in grant funding is being doled out by the Education Department to support President Donald Trump's higher education goals.
- Earlier this week, the department said it awarded $169 million in repurposed grants (from FY25) for the Fund for the Improvement of Postsecondary Education. The money will support the expansion of artificial intelligence use in classrooms, address campus protests and overhaul the college oversight system.
- The new FISPE awards are a notable shift in priorities for the grant program. The administration said last year the awards would support AI and expand the number of programs eligible for short-term Workforce Pell Grants.
- While ED's press release did not include a list of awardees, Inside Higher Ed obtained a copy of funded programs and their abstracts.
- The three North Carolina recipients are: University of North Carolina at Chapel Hill ($3.7 million); Trustees of Davidson College ($3.9 million); and Central Carolina Community College ($662,719).

Reporting Portal is Live (Courtesy Politico New Foreign Gifts and Contracts)

- The Education Department's new portal for colleges to report foreign gifts and contracts is live with a dashboard reflecting more than $62.4 billion reported by institutions.
- More than half of that funding is from contracts. Colleges are legally required to report foreign gifts and contracts valued at $250,000 or more.
- The portal says more than 117,150 foreign funding transactions have been reported by 527 institutions. The gifts and contracts come from 194 countries, with the top five leading countries being Qatar ($6.6 billion), Germany ($4.4 billion), England ($4.3 billion), China ($4.1 billion), and Canada ($4 billion).
- Oversight of foreign gifts and contracts was a key priority in the first Trump administration as it intensified its scrutiny of academia's relationships with foreign countries, especially China. Those efforts are being continued in the second administration as Trump officials say they are seeking to protect academic research, national security and the institutions from foreign influence.

Department of War Releases Research Security Memo (Courtesy APLU)

- Yesterday, the Department of War (DoW) released a memo from Under Secretary of War for Research and Engineering, Emil Michael, updating the Pentagon's research security review of fundamental research awards. Key actions include:

- Prohibiting fundamental research assistance award funding to companies listed under Section 1260H of the National Defense Authorization Act, which identifies Chinese military companies operating in the United States.
- Establishing a department-wide Fundamental Research Risk Review Repository to improve information collection and sharing across all DoW components.
- Identifying and developing automated vetting and continuous monitoring capabilities where practicable to help detect and mitigate foreign influence.

DHS Publishes H-1B Lottery Final Rule (Courtesy APLU)

- On Dec. 29, the Department of Homeland Security (DHS) published a final rule on the weighted selection process for H-1B petitions, effective Feb. 27.
- The final rule is nearly identical to the proposed rule and implements a weighted lottery system for H-1B visas that prioritizes beneficiaries with higher paying offers.
- While the rule does not apply to cap-exempt entities like public research universities as employers, it would have substantial impact on graduates of APLU member institutions.
- APLU submitted comments on the proposed rule outlining concerns on impacts to recent graduates and public research universities.

Judge Grants DHS Motion for Summary Judgment in Chamber of Commerce/AAU Litigation on H-1B Fee (from APLU)

- U.S. District Court for the District of Columbia granted the federal government's motion for summary judgment in the litigation by the U.S. Chamber of Commerce and Association of American Universities challenging the $100,000 H-1B visa fee proclamation.
- In dismissing the suit, the court held the fee falls within the President's authority to determine who may enter the country. The plaintiffs filed a notice of appeal to the U.S. Court of Appeals for the District of Columbia Circuit.

USDA Secretary Announces Ag R&D Priorities (from APLU)

- Last week, the USDA released a Secretary's Memorandum outlining the agency's new research and development priorities.
- The five new priorities include Increasing Profitability of Farmers and Ranchers; Expanding Markets and Creating New Uses of U.S. Agricultural Products; Protecting the Integrity of American Agriculture from Invasive Species; Promoting Soil Health to Regenerate Long-Term Productivity of Land; and Improving Human Health through Precision Nutrition and Food Quality.

NEH Program Announcement Requires Matching Funds and Cap on F&A (from APLU)

- Last month, the National Endowment for the Humanities (NEH) announced a new program with an accompanying notice of funding opportunities (NOFO) inviting applications to build endowments for research and the teaching of western civilization, American history, government, and civics.
- The funding opportunity is notable because it departs from NEH's typical practice of offering conventional grant awards and instead relies on a combination of non-federal fundraising and NEH federal matching funds.
- The program announcement also contains a sentence that appears to limit indirect cost recovery using a dollar amount cap instead of a percentage: *"You may request up to an additional $100,000 in outright funds for fundraising support costs (salaries, consultants, contracts, or subawards for fundraising personnel only) and related indirect costs during the period of performance."*

Senator Introduces National Quantum Initiative Act (from APLU and other sources)

- This week, Sen. Todd Young (R-IN) introduced the National Quantum Initiative Act (NQIA). Among provisions, the reauthorization bill:

- Extends the National Quantum Initiative by a full five years to December 2034.

- Requires the White House Office of Science and Technology Policy to develop an international quantum cooperation strategy to coordinate R&D activities with allies of the United States.
- Builds on the work of the National Quantum Initiative to advance basic research and establishes additional directives to develop practical quantum applications.
- Requires each agency to develop metrics for monitoring and evaluating advancements in quantum information science and progress towards practical quantum applications and report to Congress.
- Creates prize challenges to accelerate the development of quantum applications and algorithms through public-private collaboration.
- Authorizes $85M per year for five years (FY2026 – FY2030) for NIST's quantum research and consortium activities.
- Establishes up to three new NIST quantum centers to advance research in quantum sensing, measurement, and engineering.
- Directs the Secretary of Commerce to submit a plan to strengthen quantum supply chain resilience.
- Authorizes $185M per year for five years (FY2026 – FY2030) for NSF's quantum research and education program.
- Creates new NSF Multidisciplinary Centers for Quantum Research and Education, a quantum workforce coordination hub, and quantum testbeds.
- Authorizes $25M per year for five years (FY26 – FY30) for NASA quantum R&D activities including quantum satellite communications and quantum sensing research initiatives.

President Calls for $1.5 Trillion Defense Budget in FY27 (Courtesy APLU and Politico)

- Earlier this week, President Trump called for a $1.5 trillion defense budget in fiscal year 2027 in a post on Truth Social.
- He stated a defense budget of this size would allow the U.S. to build it's "dream military."
- The proposal would be about a $500 billion increase above defense spending levels currently being debated in FY26.
- Given the limits and challenges of the discretionary appropriations process, GOP lawmakers would likely need to pass a second reconciliation bill to achieve this aim.
- President Trump's State of the Union Speech where he will outline his funding priorities for FY27 is scheduled for Feb. 24.

Upcoming Events of Interest

1/12/26 04:00 PM EST
Discussion: The American Enterprise Institute for Public Policy Research
The American Enterprise Institute for Public Policy Research holds a virtual discussion, beginning at 4 p.m., on "How Do We Help Youth Flourish, Not Just Achieve?"

1/13/26 10:15 AM EST
Hearing: House Education and Workforce Committee
The House Education and the Workforce Early Childhood, Elementary, and Secondary Education Subcommittee holds a hearing on "Who's Watching the Kids? How Employers, Innovators, and Parents are Solving America's Child Care Crunch."

1/13/26 01:00 PM EST
Discussion: New America

New America holds a virtual discussion, beginning at 1 p.m., on "Redrawing the Lines that Divide Our Students: Data and Tools for Better, Fairer School District Boundaries."

1/14/26 10:15 AM EST
Hearing: House Education and Workforce Committee
The House Education and the Workforce Committee holds a hearing on "Building an AI-Ready America."

1/14/26 11:00 AM EST
Discussion: The Brookings Institution
The Brookings Institution holds a discussion on "A new direction for AI and students: Findings from the Brookings Global Task Force on AI and Education."

2026 NHA Annual Meeting & Humanities Advocacy Day
March 8-10, 2026
National Humanities Alliance
Registration Required
This event will provide an opportunity to connect with other passionate humanities advocates from around the country. During the Annual Meeting, the National Humanities Alliance will explore approaches to year-round advocacy on college campuses and in local communities, while also preparing for visits to Capitol Hill. On Humanities Advocacy Day, participants meet with House and Senate offices to make a persuasive case for federal funding for the humanities.

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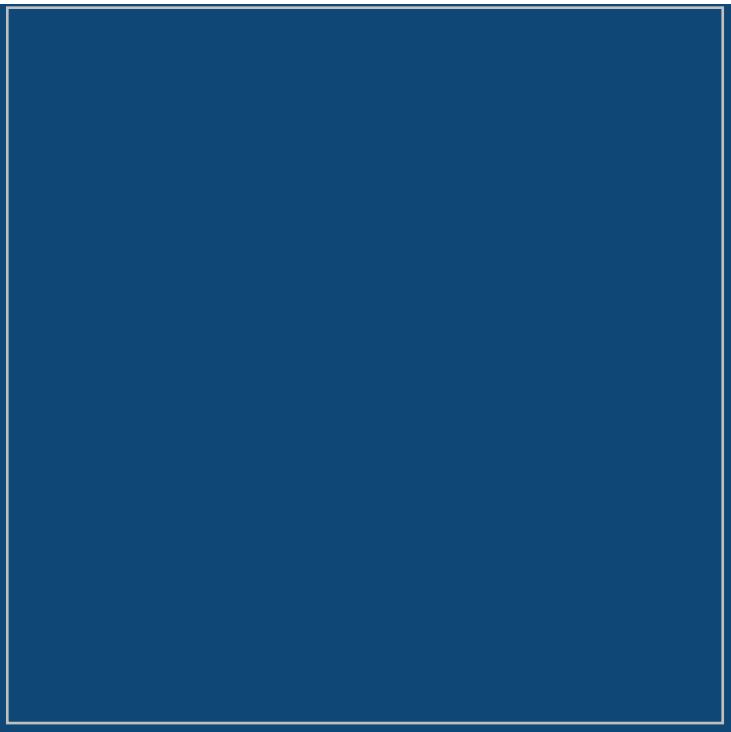

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